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THE CROW'S NEST PASS COAL COMPANY, LIMITED
FERNIE, BRITISH COLUMBIA

ANNUAL REPORT

FOR

YEAR ENDED DECEMBER 31, 1939.

BOARD OF DIRECTORS

H. P. Wilson
L. C. Gilman
Erasmus C. Lindley

Thomas Balmer
James T. Maher
F. D. Pratt

Welles V. Moot

EXECUTIVE COMMITTEE

Thomas Balmer, Chairman

H. P. Wilson
James T. Maher

L. C. Gilman
F. D. Pratt

OFFICERS

H. P. Wilson	President & General Manager
Thomas Balmer	First Vice President
L. C. Gilman	Second Vice President
Geo. H. Hess, Jr.	Comptroller
A. A. Klauer	Treasurer
J. S. Irvine	Secretary
Welch, Anderson & Company	Auditors

TRANSFER AGENTS

Toronto General Trusts Corporation, Toronto, Ont.

Bankers Trust Company, New York, N. Y.

REGISTRARS

National Trust Company, Limited, Toronto, Ont.

Central Hanover Bank & Trust Co., New York, N.Y.

Fernie, British Columbia,
March 21, 1940.

TO THE SHAREHOLDERS OF
THE CROW'S NEST PASS COAL COMPANY, LIMITED :

We submit herewith the Forty-third Annual Report of your Company for the year ended December 31, 1939, together with a Balance Sheet, duly certified by your Auditors, Welch, Anderson & Company, as well as a statement of Income and Surplus Account.

The profit from all sources after depreciation and depletion amounted to \$164,132.07.

There was expended on Capital Account during the year the sum of \$321,633.92, which includes ten Curran-Knowles by-product coke ovens at Michel.

Distributions to shareholders during the year amounted to the sum of \$186,354.00, which is equivalent to \$3.00 per share. This amount was paid from the following sources :

Earned Profits	\$ 89,734.63
Depreciation and depletion reserve funds	96,619.37

Coal mined amounted to 600,551 tons as compared with 482,417 tons in 1938.

Coke production was 57,350 tons as compared with 54,602 tons in 1938.

By Order of the Board of Directors,

H. P. WILSON,

President.

AUDITORS' REPORT AND CERTIFICATE

Toronto, Canada,
February 26th, 1940.

To the Shareholders,

THE CROW'S NEST PASS COAL COMPANY, LIMITED,
Ferne, B.C.

We report that we have audited the books and accounts of your Company for the year ended December 31st, 1939, and certify that we have obtained all the information and explanations required.

We confirmed the securities of the Company held for safekeeping by the Imperial Bank of Canada, Vancouver Branch, by certificate from the depository.

The cash and bank balances were verified, either by actual count or by certificates from the depositories.

The accounts receivable have not been verified by direct communication with the debtors.

Deficits in subsidiaries are now being written off on an annual basis, which we consider adequate.

We further certify that the accompanying balance sheet is, in our opinion, so drawn as to exhibit a true and correct view of the state of the Company's affairs, according to the best of our information, the explanations given us and as shown by the books of the Company.

WELCH, ANDERSON & COMPANY,
Chartered Accountants.

THE CROW'S NEST PASS COAL COMPANY, LIMITED

BALANCE SHEET — DECEMBER, 31st, 1939.

ASSETS

Cash on hand and in banks		\$ 207,404.02
Accounts receivable		249,289.55
Coal, coke, and by-products and mine supplies—at cost or useful values		136,089.22
Bonds and shares (market value \$867,387.00) at cost		830,958.51
Bonds and shares (no established market value) nominal value		2.00
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		1,423,743.36
Imperial Bank of Canada, Fernie—Dividend Account		
To provide for issued and outstanding dividend cheques,		
per contra		86,687.78
Accounts receivable net—subsidiaries—wholly owned companies	14,297.29	
Shares of wholly owned subsidiaries	439,554.20	
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		453,851.49
Mines, real estate, buildings, plant and equipment at cost, less		
amounts written off to reserves	6,158,115.30	
Less: Reserves for depletion and depreciation	2,918,701.75	
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		3,239,413.55
Deferred Charges		2,828.59
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Total		\$5,206,524.77

LIABILITIES

Accounts payable—including accrued wages	44,338.89
Accrued taxes and assessments	3,934.21
Provision for Dominion of Canada 1939 income tax	35,397.36
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	83,670.46
Dividend cheques issued and outstanding — per contra	86,687.78
Capital :	
Authorized \$10,000,000.00 divided into 100,000 shares of the par value of \$100.00 each — Subscribed and paid up	6,212,666.66
Deficit :	
December 31st, 1939, as shown on accompanying Statement	1,176,500.13
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	5,036,166.53
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Total	5,206,524.77

This is Balance Sheet referred to in Auditors' report dated February 26th, 1940.

Signed on behalf of the Board : James T. Maher, Director.
Thomas Balmer, Director.

THE CROW'S NEST PASS COAL COMPANY, LIMITED

STATEMENT OF INCOME

For the year ended December 31st, 1939.

Profit on coal and coke operations		\$ 404,632.30
Less : Executive officers' salaries	33,800.00	
Counsel and legal fees	2,797.80	
Directors' fees	2,500.00	
Provision for depreciation	130,847.52	
Provision for depletion	60,055.10	
		<u>230,000.42</u>
		174,631.88
Other Income :		
Interest on securities — after amortization of investments		
\$2,427.92	34,369.44	
Interest on bank balances, exchange, etc.—net	948.52	
Recovered on accounts previously written off	1,989.15	
Sundry income—net	23,580.52	
		<u>60,887.63</u>
		235,519.51
Other Charges :		
Loss on sale of securities	1,223.34	
Investment in stocks (with no established market value)		
written down—subsidiary companies	34,621.39	
		<u>35,844.73</u>
		199,674.78
Less : Provision for income tax—year 1939		<u>35,542.71</u>
Net Profit For Year		<u><u>164,132.07</u></u>

STATEMENT OF DEFICIT — DECEMBER 31st, 1939.

Distribution to shareholders to December 31st, 1938, from funds derived through creation of Reserves for Depreciation and Depletion		1,244,012.83
Add : Dividends declared and paid in year 1939	186,354.00	
Less : Profit for the year ended December 31st, 1938	89,734.63	
		<u>96,619.37</u>
	(x)	1,340,632.20
Less : Profit for the year ended December 31st, 1939		<u>164,132.07</u>
Deficit—December 31st, 1939—as shown on Balance Sheet		<u><u>1,176,500.13</u></u>

(x) This amount represents distributions paid to Shareholders to date under powers conferred by Section 83, s. s. 4, of the Dominion Companies Act from funds derived through creation of reserves for depreciation and depletion.

